

Rep. Reynolds' Report Makes Case For Reform

Without reform, Connecticut's fiscal health will only grow more dire. The state needs to reinvent how government works, and a local representative is leading the charge.

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State Rep. Tom Reynolds gets it. The Democrat who represents Ledyard and Preston understands that the state faces not a momentary budget problem but a "permanent fiscal crisis." He recognizes that solving that problem will require overhauling the way Connecticut government is organized and funded.

A 20-page report written by Rep. Reynolds - "Crisis - A Terrible Thing to Waste: Connecticut's Budget Dilemma and the Opportunity for Reform" - describes with unblinking candor seldom seen in politics how serious are the long-term fiscal problems confronting Connecticut.

Connecticut faces a projected deficit of \$8.7 billion over the next two years. According to the Office of Fiscal Analysis, declining tax revenues tied to the recession account for just over half the deficit, but the rest is the result of increased spending and the use of one-time revenues, such as past surpluses, to pay ongoing expenses.

Between 2004 and 2008 the state had cumulative surpluses of \$3.7 billion, but the governor and legislature deposited only one-third in the Rainy Day Fund and spent just 8 percent to reduce debt.

"In other words, our own decisions over many years - and not just the

national recession - are responsible in a significant way for our current and projected deficits," writes Rep. Reynolds.

But it is his long-term outlook that is truly terrifying. Between 2003 and 2012 the Consumer Price Index is projected to increase 29 percent, while total state spending grows 70 percent, Medicaid 85 percent and expenditures for state employee pension and health benefits 150 percent.

Connecticut's state pension liabilities for teachers and state employees are nearly \$16 billion. In funding just 56 percent of that obligation, Connecticut ranks dead last among states. The health and life insurance obligation for state and teacher retirees is \$24 billion, but Connecticut has set aside almost nothing.

Clearly, Connecticut cannot conduct business as usual. No longer can state agencies simply come in every year demanding percentage increases to support growing bureaucracies.

What is necessary, and what Rep. Reynolds calls for, is long-term, strategic planning to determine priorities and create the means - results-based accountability - to measure agency success in achieving goals. The Government Performance Project ranks the state among the lowest in the country for long-term planning. According to the Office

of Policy and Management, only five of 65 state agencies do strategic planning. There is no system to root out overlapping responsibilities and determine whether departments are working toward common goals.

Rep. Reynolds also cites a need for tax reform to reduce dependence on property taxes, lessen the state's vulnerability to economic cycles and provide greater progressivity.

And Connecticut must stop borrowing so aggressively. Its bonded indebtedness is \$17 billion. Only two states are deeper in debt on a per capita basis. By 2010 debt service will approach \$2.2 billion annually, or 12 percent of the budget.

Rep. Reynolds, who is the assistant majority leader of the House and serves on the Appropriations Committee, said the work must begin now to revamp spending and taxing policies. That is the type of frankness we'd like to see from Gov. M. Jodi Rell, but leadership from her office is sorely lacking in the current crisis.

Rep. Reynolds will discuss his report and take questions at 7 tonight at Ledyard High School. The report is available at www.housedems.ct.gov/ Reynolds. It is well worth your time.